



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 2
PART II—Section 2

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 8] नई दिल्ली, शुक्रवार, मार्च 2, 1984/फाल्गुन 12, 1906
No. 8] NEW DELHI, FRIDAY, MARCH 2, 1984/PHALGUNA 12, 1906

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 2nd March, 1984:—

BILL NO. 17 OF 1984

A Bill to provide for the acquisition and transfer of the undertakings of the Incheck Tyres Limited and the National Rubber Manufacturer's Limited, with a view to securing the proper management of such undertakings so as to subserve the interests of the general public by ensuring the continued manufacture, production and distribution of tyres, tubes and other rubber goods which are essential to the needs of the economy of the country and for matters connected therewith or incidental thereto.

WHEREAS the Incheck Tyres Limited and the National Rubber Manufacturers Limited had been engaged in the manufacture, production and distribution of articles mentioned in the First Schedule to the Industries (Development and Regulation) Act, 1951, namely, tyres, tubes and other rubber goods;

AND WHEREAS the management of the undertakings of the Inchek Tyres Limited and the management of the undertakings of the National Rubber Manufacturers Limited were taken over by the Central Government under the provisions of the Industries (Development and Regulation) Act, 1951;

65 of 1951.

AND WHEREAS for the purpose of securing the optimum utilisation of the available facilities for the manufacture, production and distribution of tyres, tubes and other rubber goods by the undertakings of the two companies, investment of a large amount is necessary;

AND WHEREAS it is necessary to acquire the undertakings of the Inchek Tyres Limited and the National Rubber Manufacturers Limited to enable the Central Government to have such investments made and to ensure that the interests of the general public are served by the continuance, by the undertakings of the companies, of the manufacture, production and distribution of the aforesaid articles which are essential to the needs of the economy of the country;

BE it enacted by Parliament in the Thirty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short
title and
commence-
ment.

1. (1) This Act may be called the Inchek Tyres Limited and National Rubber Manufacturers Limited (Nationalisation) Act, 1984.

(2) It shall be deemed to have come into force on the 14th day of February, 1984.

Defini-
tions.

2. In this Act, unless the context otherwise requires,—

(a) “appointed day” means the 14th day of February, 1984;

(b) “Commissioner” means the Commissioner of Payments appointed under section 15;

(c) “existing Government company” means a Government company which is carrying on business on the appointed day;

(d) “new Government company” means a Government company formed and registered on or after the appointment day;

(e) “notification” means a notification published in the Official Gazette;

(f) “prescribed” means prescribed by rules made under this Act;

(g) “specified date”, in relation to any provision of this Act, means such date as the Central Government may, by notification, specify for the purposes of that provision, and different dates may be specified for different provisions of this Act;

(h) “two companies” means the Inchek Tyres Limited and the National Rubber Manufacturers Limited, being companies as defined in the Companies Act, 1956, and having their registered offices at “Leslie House”, 19-Jawaharlal Nehru Road, Calcutta-700013;

1 of 1956

1 of 1956.

(i) words and expressions used herein and not defined but defined in the Companies Act, 1956, shall have the meanings respectively assigned to them in that Act.

CHAPTER II

ACQUISITION AND TRANSFER OF THE UNDERTAKINGS OF THE TWO COMPANIES

3. On the appointed day, the undertakings of each of the two companies, and the right, title and interest of each of the two companies in relation to its undertaking, shall, by virtue of this Act, stand transferred to, and shall vest in, the Central Government.

Transfer to, and vesting in, the Central Government of the undertakings of the two companies.

4. (1) The undertakings of each of the two companies referred to in section 3 shall be deemed to include all assets, rights, lease-holds, powers, authorities and privileges, and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery and equipment, cash balances, cash on hand, cheques, demand drafts, reserve funds, investments, book debts and all other rights and interests in, or arising out of, such property as were immediately before the appointed day in the ownership, possession, power or control of such company whether within or outside India, and all books of account, registers and all other documents of whatever nature relating thereto.

General effect of vesting.

(2) All properties as aforesaid which have vested in the Central Government under section 3 shall, by force of such vesting, be freed and discharged from any trust, obligation, mortgage, charge, lien and all other incumbrances affecting them, and any attachment, injunction, decree or order of any court, tribunal or other authority restricting the use of such properties in any manner or appointing any receiver in respect of the whole or any part of such properties shall be deemed to have been withdrawn.

(3) Every mortgagee of any property which has vested under this Act in the Central Government and every person holding any charge, lien or other interest in, or in relation to, any such property shall give, within such time and in such manner as may be prescribed, an intimation to the Commissioner of such mortgage, charge, lien or other interest.

(4) For the removal of doubts, it is hereby declared that the mortgagee of any property referred to in sub-section (3) or any other person holding any charge, lien or other interest in, or in relation to, any such property shall be entitled to claim, in accordance with his rights and interests, payment of the mortgage money or other dues, in whole or in part, out of the amount specified, in relation to the company owning such property, in the First Schedule, and also out of the amounts referred to in section 9, but, no such mortgage, charge, lien or other interest shall be enforceable against any property which has vested in the Central Government.

(5) Any licence or other instrument granted to either of the two companies in relation to any undertaking which has vested in the Central Government under section 3 at any time before the appointed day and in force immediately before that day shall continue to be in force on and after such day in accordance with its tenor in relation to and for the purposes of such undertaking, and, on and from the date of vesting of such undertaking under section 6 in an existing Government company, or under section 7 in a new Government company, the existing, or new, Government company, as the case may be, shall be deemed to be substituted in such licence or other instrument as if such licence or other instrument had been granted to such existing, or new, Government company and such existing, or new, Government company, shall hold it for the remainder of the period for which the company to which it was granted would have held it under the terms thereof.

(6) If, on the appointed day, any suit, appeal or other proceeding of whatever nature, in relation to any property which has vested in the Central Government under section 3, instituted or preferred by or against either of the two companies is pending, the same shall not abate, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertakings of such company or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the Central Government, or where the undertakings of the two companies vest under section 6 or section 7 in an existing, or a new, Government company, by or against such Government company.

Companies to be liable for certain prior liabilities.

5. (1) Every liability, other than the liability specified in sub-section (2), of each of the two companies in respect of any period prior to the appointed day, shall be the liability of the concerned company and shall be enforceable against it and not against the Central Government, or where the undertakings of the two companies vest in an existing, or a new, Government company, against such Government company.

(2) Any liability arising in respect of materials supplied to either of the two companies after the management of its undertakings had been taken over by the Central Government, shall, on and from the appointed day, be the liability of the Central Government or of the existing, or new, Government company aforesaid, and shall be discharged by that Government or, as the case may be, the existing, or new, Government company, as and when repayment for such supplies becomes due and payable.

(3) For the removal of doubts, it is hereby declared that—

(a) save as otherwise expressly provided in this section or in any other provision of this Act, no liability, other than the liability specified in sub-section (2), of either of the two companies in relation to its undertakings in respect of any period prior to the appointed day shall be enforceable against the Central Government, or, where the undertakings of the two companies vest in an existing, or a new, Government company, against such Government company;

(b) no award, decree or order of any court, tribunal or other authority in relation to the undertakings of either of the two companies, passed on or after the appointed day, in respect of any matter, claim or dispute, not being a matter, claim or dispute in relation to any matter referred to in sub-section (2), which arose before that day, shall be enforceable against the Central Government, or where the undertakings of the two

companies vest in an existing, or a new, Government company, against such Government company;

(c) no liability incurred by either of the two companies before the appointed day, for the contravention of any provision of law for the time being in force, shall be enforceable against the Central Government, or, where the undertakings of the two companies vest in an existing, or a new, Government company, against such Government company.

6. (1) Notwithstanding anything contained in sections 3 and 4, and subject to the provisions of section 7, the Central Government may, if it is satisfied that an existing Government company is willing to comply, or has complied, with such terms and conditions as that Government may think fit to impose, direct, by notification, that the undertakings of each of the two companies and the right, title and interest of each of the two companies in relation to its undertakings which have vested in the Central Government under section 3, shall, instead of continuing to vest in the Central Government, vest in that existing Government company either on the date of the notification or on such earlier or later date (not being a date earlier than the appointed day) as may be specified in the notification.

Power of Central Government to direct vesting of the undertakings of the two companies in an existing Government company.

(2) Where the right, title and interest of the two companies in relation to their undertakings vest, under sub-section (1), in an existing Government company, that Government company shall, on and from the date of such vesting, be deemed to have become, and, until the transfer of the undertakings, by virtue of the provisions of section 7, to a new Government company, be deemed to be, the owner in relation to such undertakings, and the rights and liabilities of the Central Government in relation to such undertakings shall, on and from the date of such vesting, be deemed to have become, and, until the date of such transfer, be deemed to be, the rights and liabilities, respectively, of that existing Government company.

7. (1) Notwithstanding anything contained in sections 3 and 4, where the undertakings of each of the two companies have been directed, under sub-section (1) of section 6, to vest in an existing Government company, the Central Government may, if it is satisfied that a new Government company is willing to comply, or has complied, with such terms and conditions as that Government may think fit to impose, declare, by notification, that the undertakings of each of the two companies and the right, title and interest of each of the two companies in relation to its undertakings be transferred to that new Government company, and on the issue of such declaration, the right, title and interest of each of the two companies in relation to its undertakings which had been directed under sub-section (1) of section 6 to vest in an existing Government company, shall, instead of continuing to vest in that existing Government company, vest in that new Government company with effect from the date on which such declaration is made.

Transfer of the undertakings of the two companies from an existing Government company to a new Government company.

(2) Where the right, title and interest of the existing Government company in relation to the undertakings of the two companies vest, under sub-section (1), in a new Government company, that Government company shall, on and from the date of such vesting, be deemed to have become the owner in relation to such undertakings and the rights and liabilities of the existing Government company in relation to such undertakings, shall, on and from the date of such vesting, be deemed to have become the rights and liabilities, respectively, of that new Government company.

CHAPTER III

PAYMENT OF AMOUNTS

Payment
of
amount.

8. For the transfer to, and vesting in, the Central Government, under section 3, of the undertakings of each of the two companies, and the right, title and interest of each of the two companies in relation to its undertakings, there shall be paid by the Central Government to each of the two companies, in cash and in the manner specified in Chapter VI, an amount equal to the amount specified against the name of such company in the First Schedule.

Payment
of fur-
ther
amounts.

9. (1) For the deprivation of the two companies of the management of their undertakings during the period commencing on the date on which the undertakings of each such company was taken over in pursuance of the orders made by the Central Government under the provisions of the Industries (Development and Regulation) Act, 1951, and ending on the appointed day, there shall be paid by the Central Government to each of the companies in cash, an amount of rupees fifty thousand.

65 of 1951

(2) The amount referred to in section 8 and the amount specified in sub-section (1) shall carry simple interest at the rate of four per cent. per annum for the period commencing on the appointed day and ending on the date on which payment of such amounts is made by the Central Government to the Commissioner.

(3) The amount referred to in sub-section (1) and the amount determined in accordance with the provisions of sub-section (2) shall be given by the Central Government to the two companies in addition to the amount specified in section 8.

(4) For the removal of doubts, it is hereby declared that the liabilities of either of the two companies in relation to its undertakings which have vested in the Central Government under section 3, shall be discharged from the amount referred to in section 8, and also from the amount specified in sub-section (1) and the amount determined under sub-section (2), in accordance with the rights and interests of the creditors of the two companies.

CHAPTER IV

MANAGEMENT, ETC. OF THE UNDERTAKINGS OF THE TWO COMPANIES

Manage-
ment, etc.,
of the
under-
takings
of the
two com-
panies.

10. The general superintendence, direction, control and management of the affairs and business of the undertakings of each of the two companies, the right, title and interest in relation to which have vested in the Central Government under section 3, shall,—

(a) where a direction has been given by the Central Government under sub-section (1) of section 6, vest on and from the date specified in such direction, in the existing Government company specified therein; or

(b) where a declaration has been made under sub-section (1) of section 7, vest, on and from the date of such declaration, in the new Government company specified therein,

and thereupon the existing, or new, Government company so specified, shall be entitled to exercise, to the exclusion of all other persons, all such powers and do all such things as either, or both, of the two companies, is or are, authorised to exercise and do in relation to its or their undertakings.

11. (1) On the vesting of the management of the undertakings of the two companies in an existing, or a new, Government company, all persons in charge of the management of the undertakings of either of the two companies immediately before such vesting shall be bound to deliver to such Government company, all assets, books of account, registers and other documents in their custody relating to the undertakings.

Duty of persons in charge of management of undertakings of the two companies to deliver all assets, etc.

(2) The Central Government may issue such directions as it may deem desirable in the circumstances of the case to the existing, or new, Government company and such Government company may also, if it is considered necessary so to do, apply to the Central Government at any time for instructions as to the manner in which the management of the undertakings of the two companies shall be conducted or in relation to any other matter arising in the course of such management.

12. (1) Any person who has, on the appointed day, in his possession or under his control any assets, books, documents or other papers relating to the undertakings owned by either of the two companies, which have vested in the Central Government or in an existing, or a new, Government company under this Act, shall be liable to account for the said assets, books, documents and other papers to the Central Government or the existing, or new, Government company, as the case may be, and shall deliver them to the Central Government or the existing, or new, Government company or to such person or persons as the Central Government or the existing, or new, Government company may specify in this behalf.

Duty of persons to account for assets, etc., in their possession.

(2) The Central Government or the Government company aforesaid may take, or cause to be taken, all necessary steps for securing possession of the undertakings of the two companies which have vested in the Central Government or the Government company under this Act.

(3) The two companies shall, within such period as the Central Government may allow in this behalf, furnish to that Government a complete inventory of all their properties and assets, as on the appointed day, pertaining to the undertakings which have vested in the Central Government under section 3, and, for this purpose, the Central Government or the Government company aforesaid shall afford to the two companies all reasonable facilities.

CHAPTER V

PROVISIONS RELATING TO EMPLOYEES OF THE TWO COMPANIES

13. (1) Every person who has been, immediately before the appointed day, employed in any undertaking of either of the two companies shall become,—

Continuance of employees.

(a) on and from the appointed day, an employee of the Central Government, and

(b) where the undertakings of the two companies are directed, under section 6 or under section 7, to vest in an existing, or a new, Government company, an employee of such Government company on and from the date of such vesting,

and shall hold office or service under the Central Government or the existing, or new, Government company, as the case may be, with the rights and privileges as to pension, gratuity and other matters, admissible to him immediately

before the appointed day, as modified by the Memorandum of Settlement signed by the representatives of the management and the employees of each of the two companies on the 10th day of February, 1984, and shall continue to do so unless and until his employment under the Central Government or the existing, or new, Government company, as the case may be, is duly terminated or until his remuneration and other conditions of service are duly altered by the Central Government, or the existing, or new, Government company, as the case may be.

(2) Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any officer or other person employed in any undertaking of either of the two companies, to the Central Government or the existing, or new, Government company, shall not entitle such officer or other employee to any compensation under this Act or any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

14 of 1947.

Provident fund and other funds.

14. (1) Where either of the two companies has established a provident fund, superannuation, welfare or other fund for the benefit of the persons employed in any of its undertakings, the moneys relatable to the officers or other employees whose services have become transferred by or under this Act to the Central Government or an existing, or a new, Government company shall, out of the moneys standing, on the appointed day, to the credit of such provident fund, superannuation, welfare or other fund, stand transferred to, and shall vest in, the Central Government or the existing, or new, Government company, as the case may be.

(2) The moneys which stand transferred under sub-section (1) to the Central Government or the existing, or new, Government company, as the case may be, shall be dealt with by that Government or the existing, or new, Government company in such manner as may be prescribed.

CHAPTER VI

COMMISSIONER OF PAYMENTS

Appointment of Commissioner of Payments.

15. (1) The Central Government shall, for the purpose of disbursing the amounts payable under section 8 and 9 to each of the two companies, by notification, appoint a Commissioner of Payments.

(2) The Central Government may appoint such other persons as it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him under this Act and different persons may be authorised to exercise different powers.

(3) Any person authorised by the Commissioner to exercise any of the powers exercisable by the Commissioner may exercise those powers in the same manner and with the same effect as if they have been conferred on that person directly by this Act and not by way of authorisation.

(4) The salaries and allowances of the Commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of India.

16. (1) The Central Government shall, within thirty days from the specified date, pay in cash to the Commissioner, for payment to each of the two companies,—

Payment by Central Government to the Commissioner.

(a) an amount equal to the amount specified against the name of such company in the First Schedule; and

(b) an amount equal to the amounts payable to each of the two companies under section 9.

(2) A deposit account shall be opened by the Central Government in favour of the Commissioner in the Public Account of India and every amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account and the said deposit account shall be operated by the Commissioner.

(3) Separate records shall be maintained by the Commissioner in respect of the undertakings of each of the two companies in relation to which payments have been made to him under this Act.

(4) Interest accruing on the amount standing to the credit of the deposit account referred to in sub-section (2) shall enure to the benefit of the two companies.

17. (1) The Central Government or the existing, or new, Government company, as the case may be, shall be entitled to receive up to the specified date, to the exclusion of all other persons, any money due to either of the two companies in relation to its undertakings which have vested in the Central Government or the existing, or new, Government company, as the case may be, and realised after the appointed day notwithstanding that the realisation pertains to a period prior to the appointed day.

Certain powers of Central Government or existing, or new, Government company.

(2) The Central Government, or the existing, or new, Government company, as the case may be, may make a claim to the Commissioner with regard to every payment made by it after the appointed day, for discharging any liability of either of the two companies, not being any liability specified in sub-section (2) of section 5, in relation to any period prior to the appointed day, and every such claim shall have priority, in accordance with the priorities attaching, under this Act, to the matter in relation to which such liability has been discharged by the Central Government or the existing, or new, Government company.

(3) Save as otherwise provided in this Act, the liabilities of either of the two companies in respect of any transaction prior to the appointed day which have not been discharged on or before the specified date shall be the liabilities of the respective company.

18. Every person having a claim against either of the two companies with regard to any of the matters specified in the Second Schedule pertaining to any undertakings owned by it, shall prefer such claim before the Commissioner within thirty days from the specified date:

Claims to be made to the Commissioner.

Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the said period of thirty days, he may entertain the claim within a further period of thirty days but not thereafter.

19. The claims arising out of the matters specified in the Second Schedule shall have priorities in accordance with the following principles, namely:—

Priority of claims.

(a) Category I shall have precedence over all other categories and Category II shall have precedence over Category III, and so on;

(b) the claims specified in each of the categories shall rank equally and be paid in full, but, if the amount is insufficient to meet such claims in full, they shall abate in equal proportions and be paid accordingly, and

(c) the question of discharging any liability with regard to a matter specified in a lower category shall arise only if a surplus is left after meeting all the liabilities specified in the immediately higher category.

Examina-
tion of
claims.

20. (1) On receipt of the claims made under section 18, the Commissioner shall arrange the claims in the order of priorities specified in the Second Schedule and examine the same in accordance with such order.

(2) If, on examination of the claims, the Commissioner is of opinion that the amount paid to him under this Act is not sufficient to meet the liabilities specified in any lower category, he shall not be required to examine the claims in respect of such lower category.

Admis-
sion or
rejec-
tion of
claims.

21. (1) After examining the claims with reference to the priorities specified in the Second Schedule, the Commissioner shall fix a date on or before which every claimant shall file the proof of his claim.

(2) Not less than fourteen days' notice of the date so fixed shall be given by advertisement in one issue of any daily newspaper in the English language having circulation in the major part of the country and in one issue of any daily newspaper in such regional language as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file the proof of his claim with the Commissioner within the period specified in the advertisement.

(3) Every claimant who fails to file the proof of his claim within the period specified by the Commissioner shall be excluded from the disbursement made by the Commissioner.

(4) The Commissioner shall, after such investigation as may, in his opinion, be necessary and after giving the concerned company an opportunity of refuting the claim and after giving the claimant a reasonable opportunity of being heard, admit or reject by order in writing the claim in whole or in part.

(5) The Commissioner shall have the power to regulate his own procedure, in all matters arising out of the discharge of his functions, including the place or places at which he may hold his sittings and shall, for the purpose of making any investigation under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—

5 of 1908.

(a) the summoning and enforcing the attendance of any witness and examining him on oath;

(b) the discovery and production of any document or other material object producible as evidence;

(c) the reception of evidence on affidavits;

(d) the issuing of any commission for the examination of witnesses.

(6) Any investigation before the Commissioner shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code and the Commissioner shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

45 of 1860.
2 of 1974.

(7) A claimant who is dissatisfied with the decision of the Commissioner may prefer an appeal against such decision to the principal civil court of original jurisdiction within the local limits of whose jurisdiction the registered office of the concerned company is situated:

Provided that where a person who is a Judge of a High Court is appointed to be the Commissioner, such appeal shall lie to the High Court exercising jurisdiction over the place in which the registered office of the concerned company is situated and such appeal shall be heard and disposed of by not less than two Judges of that High Court.

22. After admitting a claim under this Act, the amount due in respect of such claim shall be paid by the Commissioner to the person or persons to whom such amount is due, and on such payment, the liability of each of the two companies in respect of such claim shall stand discharged.

Disbursement of money by Commissioner.

23. (1) If, out of the moneys paid to him in relation to the undertakings of either of the two companies, there is a balance left after meeting the liabilities as specified in the Second Schedule, the Commissioner shall disburse such balance to the concerned company.

Disbursement of amounts to the companies.

(2) Where the possession of any machinery, equipment or other property has vested in the Central Government or the existing, or new, Government company under this Act, but such machinery, equipment or other property does not belong to either of the two companies, it shall be lawful for the Central Government or the existing, or new, Government company, as the case may be, to continue to possess such machinery or equipment or other property on the same terms and conditions under which they were possessed by either of the two companies immediately before the appointed day.

24. Any money paid to the Commissioner which remains undisbursed or unclaimed on the date immediately preceding the date on which the office of the Commissioner is finally wound up, shall be transferred by the Commissioner, before his office is finally wound up, to the general revenue account of the Central Government; but a claim to any money so transferred may be preferred to the Central Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, and the order, if any, for the payment of the claim being treated as an order for the refund of revenue.

Undisbursed or unclaimed amount to be deposited with the general revenue account.

CHAPTER VII

MISCELLANEOUS

25. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law, other than this Act, or in any decree or order of any court, tribunal or other authority.

Act to have overriding effect.

26. Every contract entered into by either of the two companies in relation to any of its undertakings which has vested in the Central Government under section 3 for any service, sale or supply, and in force immediately before the appointed day, shall, on and from the expiry of a period of one hundred and eighty days from such day, cease to have effect unless such contract is, before the expiry of that period, ratified, in writing, by the Central Government or the existing, or new, Government company and in ratifying such contract, the Central Government or the existing, or new, Government company may make such alteration or modification therein as it may think fit:

Contracts to cease to have effect unless ratified by the Central Government or existing, or new, Government company

Provided that the Central Government or the existing, or new, Government company shall not omit to ratify a contract and shall not make any alteration or modification in a contract—

(a) unless it is satisfied that such contract is unduly onerous, or has been entered into in bad faith, or is detrimental to the interests of the Central Government or such Government company; and

(b) except after giving the parties to the contract a reasonable opportunity of being heard and except after recording in writing its reasons for refusal to ratify the contract or for making any alteration or modification therein.

Penalties.

27. Any person who,—

(a) having in his possession, custody or control any property forming part of any undertaking of either of the two companies, wrongfully withholds such property from the Central Government or the existing, or new, Government company; or

(b) wrongfully obtains possession of, or retains, any property forming part of any undertaking of either of the two companies; or

(c) wilfully withholds or fails to furnish to the Central Government or the existing, or new, Government company or any person or body of persons specified by that Government or Government company, any document relating to such undertaking, which may be in his possession, custody or control; or

(d) fails to deliver to the Central Government or the existing, or new, Government company, as the case may be, or any person or body of persons specified by that Government, or Government company, any assets, books of account, registers or other documents in his possession, custody or control, relating to the undertakings of either of the two companies; or

(e) wrongfully removes or destroys any property forming part of any undertaking of either of the two companies or prefers any claim which he knows or has reasonable cause to believe to be false or grossly inaccurate,

shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to ten thousand rupees, or with both.

Offences by com- panies.

28. (1) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other

officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

29. (1) No suit, prosecution or other legal proceeding shall lie against the Central Government or the existing, or new, Government company or any officer or other employee of that Government or the Government company or any person authorised by that Government or Government company for anything which is in good faith done or intended to be done under this Act. Protection of action taken in good faith.

(2) No suit, or other legal proceeding, shall lie against the Central Government or the existing, or new, Government company, or any officer or other employee of that Government or Government company or any person authorised by that Government or Government company for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

30. (1) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act, other than the powers conferred by this section, section 31 or section 32, may also be exercised by such person or persons as may be specified in the notification. Delegation of powers

(2) Whenever any delegation of power is made under sub-section (1), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

31. (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act. Power to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the time within which, and the manner in which, an intimation referred to in sub-section (3) of section 4 shall be given;

(b) the manner in which the moneys in any provident fund or other fund referred to in section 14 shall be dealt with;

(c) any other matter which is required to be, or may be, prescribed.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

32. If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty. Power to remove difficulties.

Provided that no such order shall be made after the expiry of a period of two years from the appointed day,

Repeal and
saving.

4 of 1984.

33. (1) The Inchek Tyres Limited and National Rubber Manufacturers Limited (Nationalisation) Ordinance, 1984, is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provisions of this Act.

THE FIRST SCHEDULE

[See sections 4(4), 8 and 16(1)]

Sl. No.	Name of the Company	Amount (Rupees in lakhs)
1.	Inchek Tyres Limited	330.40
2.	National Rubber Manufacturers Limited	159.64

THE SECOND SCHEDULE

[See sections 18, 19, 20(1), 21(1) and 23(1)]

ORDER OF PRIORITIES FOR THE DISCHARGE OF LIABILITIES OF THE TWO COMPANIES

Category I—

(a) Wages, salaries and other dues payable to the employees of the companies.

(b) Arrears in relation to contributions to be made by the companies to the provident fund, Employees' State Insurance Fund, Life Insurance Corporation premium and any other arrear under any law for the time being in force.

Post-take-over management period

Category II—

Principal amount of loans advanced by—

- (a) the Central Government;
- (b) a State Government;
- (c) banks and public financial institutions;
- (d) any other sources.

Category III—

(a) Any credits availed of by the companies for the purpose of carrying on any trading or manufacturing operations, other than the liabilities specified in sub-section (2) of section 5.

(b) Any dues of State Electricity Boards or other Government and semi-Government institutions against supply of goods or services, other than the liabilities specified in sub-section (2) of section 5.

(c) Arrears of interest on loans and advances.

Category IV—

(a) Revenue, taxes, cesses, rates or other dues to Central Government, a State Government or any local authority.

(b) Any other dues.

*Pre-take-over management period**Category V—*

Principal amount of secured loans advanced by—

- (a) the Central Government;
- (b) a State Government;
- (c) banks and public financial institutions.

Category VI—

Principal amount of unsecured loans advanced by—

- (a) the Central Government;
- (b) a State Government;
- (c) banks and public financial institutions;
- (d) any other sources.

Category VII—

(a) Any credits availed of by the companies for the purpose of carrying on any trading or manufacturing operations.

(b) Any dues of State Electricity Boards or other Government and semi-Government institutions against supply of goods or services.

(c) Arrears of interest on loans and advances.

(d) Revenue, taxes, cesses, rates or other dues to Central Government, a State Government or any local authority.

(e) Any other loans or dues.

STATEMENT OF OBJECTS AND REASONS

The Inchek Tyres Limited commenced production of automobile tyres and tubes in Kakinara (West Bengal) in 1963. The undertaking started showing unfavourable operational results after 1970 and by June 1977 the company had an accumulated loss of Rs. 8.9 crores as against the paid up capital of Rs. 3 crores. The management of the undertaking was taken over under the Industries (Development and Regulation) Act, 1951, on the 13th April, 1978. The undertaking employs about 1,380 persons.

2. The National Rubber Manufacturers Limited, Calcutta, have two units. The unit at Tangra (Calcutta) produces cycle tyres, tubes and rubber goods like fan and V belts, transmission and conveyor belts, hoses, etc., and the other unit at Kalyani produces reclaimed rubber. In early 1970s, the production at both the units was affected due to labour trouble, erratic power supply, shortage of certain raw materials and poor quality of the finished products. By March 1977, the company had an accumulated loss of Rs. 4.25 crores as against the paid up capital of Rs. 1.30 crores. The management of the Tangra unit was taken over by the Government under the Industries (Development and Regulation) Act, 1951, on the 23rd December, 1977, and that of the Kalyani unit on the 10th February, 1978. The company employs about 3,120 persons.

3. A common Board of Management was appointed as the "authorised person" under the Industries (Development and Regulation) Act, 1951, for both the undertakings. However, operational results of the undertakings continued to be unfavourable even after the take-over of management for various reasons. Rehabilitation of the undertakings required large investments for repair, replacement, modernisation and change in product mix. It was not possible for government to arrange for such investments without nationalisation of the undertakings. The undertakings could not also generate adequate resources even for current operations for payment of wages. The accumulated losses soared to Rs. 25.81 crores in the Inchek Tyres and to Rs. 18.74 crores in National Rubber Manufacturers by 31st March, 1982. The revival of these undertakings, restructuring the capital base and the payment of past liabilities of these companies were, therefore, considered to be an immediate necessity. Among the various alternatives, nationalisation of the undertakings of the companies was considered to be the only acceptable alternative to achieve this process quickly, followed by a major renovation and modernisation programme involving substantial capital expenditure. Banks and financial institutions which had been nursing the undertakings found it no longer possible to finance its losses. The operations in the undertakings had come to a standstill. In view of these circumstances, it was considered necessary in the public interest to immediately acquire the undertakings of the Inchek Tyres Limited and the National Rubber Manufacturers Limited so that the undertakings could restart operations and the revival and modernisation programmes

may be implemented early to avoid further losses and deterioration in the assets of the undertakings. The nationalisation of the undertakings would also save about 4,500 workers from unemployment. The Incheck Tyres Limited and National Rubber Manufacturers Limited (Nationalisation) Ordinance, 1984 (4 of 1984), was accordingly promulgated by the President on the 14th February, 1984. The said Ordinance, apart from providing for the acquisition of the undertakings of the two companies and vesting the same in an existing or a new Government company, provided for payment of amounts to the companies for the acquisition, appointment of a Commissioner of Payments for the purpose of disbursing the amounts to the companies and other incidental and consequential matters.

4. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;

NARAYAN DATT TIWARI.

The 27th February, 1984.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. 9/2/84-LR dated 28th February, 1984 from Shri Narayan Datt Tiwari, Minister of Industry to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the Incheck Tyres Limited and National Rubber Manufacturers Limited (Nationalisation) Bill, 1984, recommends under clauses (1) and (3) of article 117 of the Constitution the introduction of the said Bill in and its consideration by Lok Sabha.

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides that, on the appointed day, the undertakings of each of the two companies, and the right, title and interest of each of the two companies in relation to its undertakings, shall stand transferred to, and shall vest in, the Central Government.

2. Under sub-clause (2) of clause 5 of the Bill, any liability arising in respect of materials supplied to either of the two companies after the management of the undertakings of the concerned companies had been taken over by the Central Government, shall, on and from the appointed day, be the liability of the Central Government or of the existing, or new, Government company in which the undertakings are vested under the provisions of the Bill. It is estimated that this amount is likely to be of the order of Rs. 47 lakhs.

3. Clause 8 of the Bill provides for payment in cash and in the manner specified in Chapter VI thereof, an amount equal to the amount specified against the name of each company in the First Schedule, for the transfer to, and vesting in, the Central Government of the undertakings of each of the two companies, and the right, title and interest of each of the two companies in relation to its undertakings. The total amount is of the order of Rs 490.04 lakhs.

4. Sub-clause (1) of clause 9 of the Bill provides for payment of a further amount in cash to each of the companies, for the deprivation of the companies of the management of their undertakings during the period commencing on the date on which the undertakings of each company was taken over by the Central Government under the provisions of the Industries (Development and Regulation) Act, 1951 and ending on the appointed day, an amount of Rs. 50,000.

5. Sub-clause (2) of clause 9 of the Bill provides for payment of simple interest at the rate of four per cent. per annum on the amount specified under clause 8 and sub-clause (1) of clause 9 for the period commencing on the appointed day and ending on the date on which payment of such amounts is made by the Central Government to the Commissioner of Payments. It is estimated that this amount will be of the order of Rs. 1,63,680 per month.

6. Clause 15 of the Bill provides that the Central Government shall appoint a Commissioner of Payments and may also appoint such other persons as it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him. The salaries and allowances of the Commissioner and the other persons appointed under the said clause shall be defrayed out of the Consolidated Fund of India. The estimated expenditure on this account is likely to be of the order of Rs. 25,000 per month.

7. Funds will also have to be provided to the existing, or new, Government company in which the undertakings of the Incheck Tyres

Limited and National Rubber Manufacturers Limited are vested, towards repairs and replacements during Phase I period, and renovation and modernisation during Phase II period. The estimated cost of implementing Phase I would be around Rs. 9,26,00,000 (rupees nine crores and twenty-six lakhs only).

8. It is anticipated that all the liabilities specified in the Second Schedule to the Bill are not likely to be discharged fully by the Commissioner of Payments out of the amounts paid to him under the provisions of the Bill. The Central Government proposes to assume some of the undischarged liabilities, such as, repayment of loans given by banks and financial institutions after the management of the undertakings had been taken over by the Central Government, and principal amounts of loans and advances given by such banks and financial institutions at the behest of Government (i.e. all the loans released by IRCI, State Bank of India and State Government of West Bengal after 1-7-1976) before such management was taken over and simple interest thereon. The extent of liability on this account will be known only subsequently after the Commissioner of Payments has made available his reports.

9. The Bill, if enacted, is not likely to involve any other recurring or non-recurring expenditure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 31 of the Bill empowers the Central Government to make rules to carry out the provisions of the Bill. The matters in respect of which rules may be made, *inter alia*, relate to the time within which, and the manner in which, intimation regarding any mortgage, charge, lien or other interest in, or in relation to, the properties which have vested in the Central Government under clause 3 of the Bill shall be given to the Commissioner of Payments and the manner in which the moneys in any provident fund, superannuation, welfare or other fund maintained by either of the two companies shall be dealt with by the Central Government or the existing, or the new, Government company.

2. The matters in respect of which rules may be made are matters of procedure and administrative detail. The delegation of legislative power is thus of a normal character.

SUBHASH C. KASHYAP,
Secretary-General.